



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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TO: Audit Committee

FROM: Wendy L. Watanabe  
Acting Auditor-Controller

SUBJECT: **AUDITOR-CONTROLLER TRAINING TO SOCIAL SERVICES  
DEPARTMENT CONTRACTORS**

As you know, many of our audit/monitoring reports of agencies that provide services under contracts with the County's social services departments show a lack of contract compliance in numerous areas. Examples include missing proper documentation, claiming unallowable expenditures, billing for ineligible participants and having poor internal controls. In the past, you have inquired about ways that the County can help contractors minimize audit findings and the need to provide training and/or technical assistance. To educate the contractors and County departments, during the past twelve months, we have trained agencies that contract with the Departments of Children and Family Services, Community and Senior Services, Mental Health (DMH) and Public Social Services (DPSS).

For example, on May 4, 2007 and March 28, 2008, Audit Division staff provided fiscal training to about 60 representatives from Group Homes (GH) and Foster Family Agencies (FFAs). The training workshops were sponsored by Thornton & Fathy, LLP (Thornton), a public accounting firm. The training included the importance of maintaining proper documentation, compliance with federal, State and County fiscal guidelines, discussions of areas that frequently result in questioned costs, as well as common internal control deficiencies noted during our reviews. Thornton indicated that the training was successful and that they received positive feedback from attendees.

Similarly, Contract Monitoring Division staff trained over 200 contractors and County social services department staff, including:

*"To Enrich Lives Through Effective and Caring Service"*

- 50 DMH contractors (one session) - Programmatic contract compliance and common audit findings.
- 44 Work Investment Act Program (WIA) contractors (one session) - Programmatic and fiscal contract compliance and common audit findings.
- GH and FFA contractors (four sessions) – Properly completing the Needs and Services Plans to meet County contract requirements.
- DPSS managers and staff (three sessions) – Fiscal monitoring and common audit findings.

We are developing additional training classes for next fiscal year. It should be noted that while training contractors may help them reduce noncompliance issues, we have found agencies that have the same deficiencies year after year despite their prior commitments to correct the deficiencies. County social services departments need to take a more aggressive approach and:

- Resolve the questioned costs
- Collect any disallowed amounts
- Require the contractors to implement their corrective action plans
- Monitor contractors to ensure that the actions result in permanent changes

I would also like to mention that my staff put a lot of effort preparing and teaching these classes and were complimented by attendees for their knowledge and professionalism. The presenters of these classes were: Al Fong, Maria Duran, Don Nguyen, Greg Hellmold, Sukeda Day, Yoon Bae, Brian Henricks and Susan Kim.

Please call me if you have any questions, or you can contact Don Chadwick at (626) 293-1102 or Jim Schneiderman at (626) 293-1101.

WLW:MMO:DC:JLS